

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LESLIE COUNTY)
TELEPHONE COMPANY, INC., FOR) CASE NO. 9430
ORDER AUTHORIZING ADJUSTMENT OF)
RATES AND CHARGES)

O R D E R

The Commission, on its own Motion, HEREBY ORDERS that a hearing be and it hereby is scheduled on October 8, 1986, at 9:00 a.m., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

The purpose of the hearing is to hear testimony and consider other evidence on issues that have been granted on rehearing.

IT IS FURTHER ORDERED that:

1. Leslie County Telephone Company, Inc., ("Leslie County") shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5).

2. In order to expedite the hearing Leslie County shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), sheet 2 of 6. Careful attention should be given to copied

material to insure that it is legible. Leslie County shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than September 22, 1986. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

A. The following is a list of the expenses of Clear Path, Inc., ("Clear Path") per Donald Roark's rehearing testimony page 2 and Richard Swanson's rehearing testimony schedule 1:

| | <u>Roark</u> | <u>Swanson</u> |
|------------------------|--------------|----------------|
| Vehicle Expense | \$ 3,806 | \$ 3,955 |
| Payroll | 30,753 | 31,537 |
| Utilities Expense | 186 | 336 |
| Insurance Expense | 1,382 | 4,329 |
| Other Expense | -0- | 930 |
| General Office Expense | 7 | -0- |
| Corporate License Tax | 16 | -0- |

Explain the discrepancies that exist between the two.

B. In response to item no. 2(h) of the Attorney General's third information request Leslie County stated that \$21,349 of right-of-way clearing was capitalized rather than expensed. Donald Roark agreed to this at the hearing; however, on pages 1 and 2 of his rehearing testimony Mr. Roark states that after

reviewing Leslie County's records none of the 1985 right-of-way clearing should be capitalized. Which is now correct, and if none of the right-of-way should have been capitalized is depreciation expense overstated?

C. Wouldn't it be more appropriate to calculate Clear Path's FICA, state and federal unemployment expenses by the actual rates than the method proposed in Swanson's rehearing testimony schedule 4?

D. According to testimony at the hearing revenues from the following recurring and non-recurring charges are included in the \$188,361 CPE revenue figure:

- (1) Return Check Charge
- (2) Initial Call Trace
- (3) Service Connection Charge
- (4) Premises Visit Charge
- (5) Call Forwarding
- (6) Call Waiting

Provide test period levels for each of these items and identify the account to which each is recorded.

E. Swanson's rehearing testimony gives reference to exempt materials (Schedule 12-1 and Note E) with regard to regulated versus deregulated expenses. Provide a listing of what Leslie County considers to be exempt materials.

F. In reference to Schedule 10 of Swanson's rehearing testimony, is the employee's unproductive time (i.e., time to and from worksite, coffee breaks, lunch hour, etc.) reflected in the calculation?

G. The calculation on Schedule 10 of Swanson's rehearing testimony (ratio of CPE hours to total hours) uses only Account

No. 605.4; however, Account No. 605 contains a portion of unregulated CPE maintenance expense. Explain why the calculation proposed by Leslie County does not reflect Account No. 605.

H. Leslie County provided a partial listing of the operating expenses associated with the car provided Mr. Mattingly. Provide the gas and maintenance expenditures associated with the company provided automobile.

I. Provide copies of Leslie County's 1985 Audit Report and 1985 Tax Returns.

J. Provide the effects that Leslie County's pro forma rehearing adjustments will have upon the final revenue requirement. (This should be detailed to show the effects of each adjustment separately.)

Done at Frankfort, Kentucky, this 9th day of September, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director